

THE FAMILY SECURITY ACT

STREAMLINES CHILD BENEFIT INTO A MONTHLY CASH BENEFIT, HELPS SLASH CHILD POVERTY RATE

The Family Security Act would provide a monthly cash benefit for families, amounting to \$350 a month for each young child, and \$250 a month for each school-aged child.

Benefits of this new proposal:

- Establishing a firm national commitment to all of America's families;
- Cutting child poverty by up to one-third in America;
- Supporting families from pregnancy through childhood;
- Promoting marriage;
- Providing equal treatment for both working and stay-at-home parents; and
- Reforming and consolidating outmoded federal programs, including by fully paying for the new proposal.

— OVERVIEW —

American families are facing an extraordinary amount of financial strain, worsened by the COVID-19 pandemic. Marriage and birth rates in the United States have both steadily fallen to all-time lows. Yet, the average desired family size has remained stable for the last 40 years. Our family support and welfare system has not seen comprehensive reform since 1996, while the modern economy has left families further behind. Instead of flexible, transparent assistance to meet these rising challenges, families are forced to navigate a maze of complicated programs with few assurances.

The Family Security Act creates a new national commitment to American families by modernizing and streamlining antiquated federal policies into a monthly cash benefit. Expecting parents will receive the benefit mid-pregnancy, helping them tackle the expenses that start on day one. If enacted, low-income families would no longer have to choose between a bigger paycheck or eligibility for support. This plan would immediately lift nearly three million children out of poverty, while providing a bridge to the middle class – without adding a dime to the federal deficit.

— EXAMPLE —

The impact of this plan can be seen by examining the impact on a married couple with two children, ages four and nine, making \$38,990 (150% of the federal poverty line). The couple currently receives an end-of-year lump sum tax return of \$7,041. Under the Family Security Act, their annual benefit would increase by \$2,318, and they would receive over 75% of their total amount through predictable monthly installments.

SEE APPENDIX ITEM ONE.



— HOW IT WORKS —

MONTHLY CHILD BENEFIT

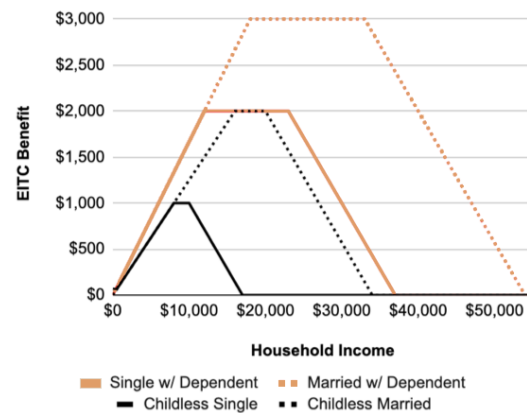
Ages 0-5: \$4,200 (\$350 per month)
Ages 6-17: \$3,000 (\$250 per month)

- Parents are eligible to apply to receive the benefit 4 months prior to the child's due date with a maximum monthly payment of \$1,250 per family.
- Administered monthly through the Social Security Administration and available to all children with a required SSN.
- The annual child benefit is reduced by \$50 for every \$1,000 above the current Child Tax Credit (CTC) income phaseout thresholds of \$200,000 for single-filers and \$400,000 for joint-filers. Any overpayments or underpayments would be reconciled through the IRS after filing year-end taxes.

REFORMED EITC

- The Earned Income Tax Credit (EITC) is simplified through a larger family benefit that does not vary depending on the number of dependents.
- Eliminates marriage penalties, and creates better work incentives by slowing benefit cliffs.
- Reduces improper payments and IRS audits by making it easier for families to claim the correct credit.
- The adult dependent component of the EITC is separately maintained to ensure no family earns less than the EITC in its current form.

SEE APPENDIX ITEM TWO.



— HOW IT'S PAID FOR —

The bill consolidates overlapping and often duplicative federal policies into direct support for families. In order to remain deficit-neutral and provide certainty for families, it also eliminates the State and Local Tax Deduction (SALT), which is an inefficient tax break to upper-income taxpayers. However, most families that previously claimed the SALT deduction will still be net beneficiaries through their larger monthly child benefits.

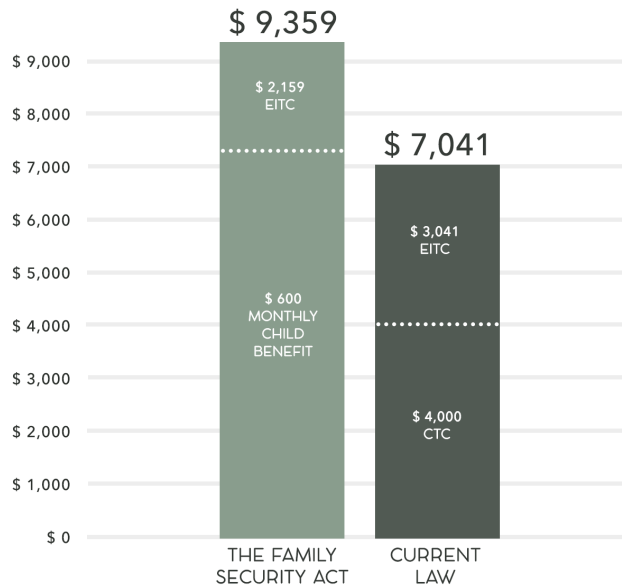
	CURRENT SPENDING	ROMNEY PROPOSAL	SPENDING OFFSETS	ANNUAL SAVINGS
Child Benefit / CTC	\$ 117 B	\$ 229.5 B	Eliminate Head-of-Household Status	\$ 16.5 B
EITC	\$ 71 B	\$ 24.5 B	Eliminate Child and Dependent Care Credit	\$ 4.7 B
ANNUAL TOTAL	\$ 188 BILLION	\$ 254 BILLION	Eliminate TANF	\$ 16.5 B
			SNAP Categorical Eligibility Changes	\$ 3.1 B
			Eliminate SALT Deduction	\$ 25.2 B
			ANNUAL TOTAL	\$ 66 BILLION



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APPENDIX

ITEM ONE



ITEM TWO

SINGLE FILERS	CHILDLESS	FAMILY
Credit Rate	12.50 %	16.67 %
Earned Income	\$ 8,000	\$ 12,000
Maximum Credit	\$ 1,000	\$ 2,000
Phaseout Threshold	\$ 10,000	\$ 23,000
Phaseout Rate	14.29 %	14.29 %
Where Credit = 0	\$ 17,000	\$ 37,000

JOINT FILERS	CHILDLESS	FAMILY
Credit Rate	12.50 %	16.67 %
Earned Income	\$ 16,000	\$ 18,000
Maximum Credit	\$ 2,000	\$ 3,000
Phaseout Threshold	\$ 20,000	\$ 33,000
Phaseout Rate	14.29 %	14.29 %
Where Credit = 0	\$ 34,000	\$ 54,000

